

## Message Text

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PAGE 01 LISBON 04043 201420Z  
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 EPG-02  
TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00  
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03  
LAB-04 SIL-01 EURE-00 SSO-00 INRE-00 NSCE-00  
USIE-00 /075 W  
-----201423Z 102813 /47

O R 201159Z MAY 77  
FM AMEMBASSY LISBON  
TO SECSTATE WASHDC IMMEDIATE 1485  
INFO AMCONSUL OPORTO

C O N F I D E N T I A L LISBON 4043

E.O. 11652: GDS  
TAGS: EINV, PO  
SUBJECT: ITT NEGOTIATIONS

REF: LISBON 3175

1. ITT VICE PRESIDENT LUKE HELD THREE-HOUR MEETING WITH GOP MINISTER OF INDUSTRY NOBRE DA COSTA ON MAY 19. LUKE DESCRIBED MEETING AS VERY CORDIAL AND STATES THAT PARTIES HAVE AGREED ON MODUS OPERANDI FOR FURTHER NEGOTIATIONS. GOP/ITT WILL NOT ATTEMPT NEGOTIATE ALL/ENCOMPASSING AGREEMENT IN PRINCIPLE BUT WILL TRY RESOLVE PROBLEMS OF COMPANIES ONE AT A TIME. FOLLOWING DETAILS PROVIDED BY LUKE.

2. FIRST CASE TO BE TACKLED WILL BE IMPRIMARTE. FIRM WILL BEGIN NEGOTIATIONS WITH PORTUGUESE TELEPHONE COMPANY OVER LONG-TERM CONTRACTS TO PRINT PHONE DIRECTORIES AS SOON AS DRAFT CONTRACT CAN BE PREPARED. ONCE IMPRIMARTE PROBLEM IS SETTELED, GOP/ITT WILL BEGIN DISCUSSIONS ON SHERATON WHICH BE BE FOLLOWED BY STANDARD ELECTRIC TALKS AND FINALLY OLIVA AND/OR RABOR.

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3. PORTUGUESE BANKING SYSTEM WILL LOAN \$5 MILLION TO ITT AND GOP WILL AUTHORIZE EXPORT OF THESE FUNDS TO PAY LOAN TO GERMAN BANKS. IN ADDITION, GOP/ITT HAVE TENTATIVELY AGREED THAT ITT DIRECT \$5 MILLION LOAN TO ITS PORTUGUESE SUBSIDIARIES AND ANOTHER \$8 MILLION IN INTER-COMPANY DEBT WILL BE PAID OFF AND REMITTED OVER NEXT THREE YEARS. INTEREST RATES AND EXACT TIMING NOT

YET DEFINITE. BANKING SYSTEM WILL CONTINUE TO PROVIDE  
OPERATING FUNDS TO OLIVA. NOBRE DA COSTA APPEARED TO  
RECOGNIZE NEED TO LAY-OFF WORKERS AT STANDARD ELECTRIC  
AND TO PHASE OUT SEMI-CONDUCTOR FABRICATION.

4. ACCORDING LUKE, NOBRE DA COSTA STATED THAT HE HAS  
INSTRUCTION FROM PRIME MINISTER TO RESOLVE ITT PROBLEM AS  
SOON AS POSSIBLE.  
CARLUCCI

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENTS, NEGOTIATIONS, BUSINESS FIRMS  
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**Copy:** SINGLE  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Review Markings:**  
Margaret P. Grafeld  
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